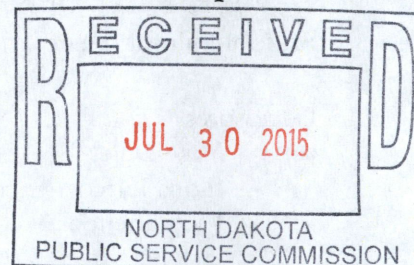


2302 Great N. Drive
Fargo, North Dakota 58102
(701) 241-8632
dave.sederquist@xcelenergy.com

July 30, 2015

— Via Email and Federal Express —

Mr. Darrell Nitschke, Executive Secretary
North Dakota Public Service Commission
State Capitol Building – 12th Floor
Bismarck, North Dakota 58505



Re: APPLICANT'S PROPOSED ORDER AND LATE FILED EXHIBITS
REQUEST TO TRANSFER OF SITE CERTIFICATE SITING APPLICATION
(CASE NO. PU-15-174)

APPLICATION FOR 200 MW COURTENAY WIND FARM PUBLIC
CONVENIENCE AND NECESSITY (CASE NO. PU-15-175)

APPLICATION FOR ADVANCE DETERMINATION OF PRUDENCE – 200 MW
COURTENAY WIND FARM (CASE NO. PU-15-181)

REQUEST TO DISCONTINUE PRUDENCE – COURTENAY WIND FARM PPA
APPLICATION (CASE NO. PU-15-183)

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission in the above-referenced matters, the Company's Proposed Order and the following late filed exhibits:

NSP-LF1 – Transmission Service Summary

NSP-LF2 – Conservation Plan Summary

An original and four (4) copies of the Proposed Order and late filed exhibits are being provided via Federal Express. Please contact me if you have any questions regarding this filing.

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Applicant's proposed Order
Northern States Power Company

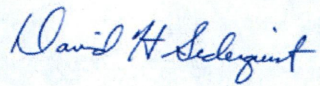
33 PU-15-175 Filed 07/30/2015 Pages: 9
Applicant's proposed Order
Northern States Power Company

22 PU-15-183 Filed 07/30/2015 Pages: 9
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Northern States Power Company

Darrell Nitschke
July 30, 2015
Page 2 of 2

Sincerely,



DAVID H. SEDERQUIST
Sr. Consultant, Regulation & Finance

Enclosures

cc: Mike Diller
Illona Jeffcoat-Sacco
Victor Schock
Jack Schuh
Jerry Lein

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

Northern States Power Company/Courtenay Wind
Transfer of Site Certificate
Siting Application

Case No. PU-15-174

Northern States Power Company
200 MW Courtenay Wind Farm
Public Convenience and Necessity

Case No. PU-15-175

Northern States Power Company
Advance Determination of Prudence –
200 MW Courtenay Wind Farm

Case No. PU-15-181

Northern States Power Company
Discontinue Prudence – Courtenay Wind Farm
PPA Application

Case No. PU-15-183

APPLICANT'S PROPOSED ORDER

Appearances

Commissioners Julie Fedorchak, Brian P. Kalk, and Randy Christmann.

Alison C. Archer, Xcel Energy, 414 Nicollet Mall, 5th Floor, Minneapolis, Minnesota 55401-1993, and Zeviel T. Simpser, Briggs and Morgan, P.A., 2200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402-2157, appearing on behalf of Northern States Power Company.

John Schuh, Public Service Commission, State Capital, 600 E. Boulevard Ave., Bismarck, North Dakota 58505, on behalf of the Public Service Commission Advocacy Staff.

Ilona Jeffcoat-Sacco, General Counsel, Public Service Commission, State Capitol, 600 E. Boulevard Ave., Bismarck, North Dakota 58505, on behalf of the Public Service Commission Advisory Staff.

Wade C. Mann, Administrative Law Judge, Office of Administrative Hearings, 2911 North 14th Street – Suite 303, Bismarck, North Dakota 58503.

Preliminary Statement

On April 30, 2015, Applicant Northern States Power Company, a Minnesota corporation operating in North Dakota (NSP or the Company), submitted an application with the North Dakota Public Service Commission (Commission), seeking to transfer the Certificate of Site Compatibility for the proposed 200 MW Courtenay Wind Farm Project (Courtenay Project), in Stutsman County, North Dakota, Case No. PU-15-174. Geronimo Energy, LLC, was originally granted the Certificate of Site Compatibility in Case No. PU-13-64.

On April 30, 2015, NSP also submitted an application with the Commission seeking a Certificate of Public Convenience and Necessity (CPCN) for the Courtenay Project, Case No. PU-15-175. NSP was previously granted an Advanced Determination of Prudence for purchasing the output of the Courtenay Project through a Power Purchase Agreement (PPA) in Case No. PU-13-706. Due to changed circumstances, NSP is now proposing to develop, construct, own, and operate the Courtenay Project itself.

On May 6, 2015, NSP submitted an application with the Commission seeking an Advanced Determination of Prudence (ADP) for the proposed Courtenay Project resource addition, Case No. PU-15-181. The application included Direct Testimonies of Company Witnesses Ms. Laura McCarten, Mr. Paul B. Johnson, as well as Direct Testimonies of Mr. Gregory L. Ford and Ms. Elizabeth M. Engelking of Geronimo Energy, LLC.

On May 11, 2015, NSP submitted an application with the Commission seeking to discontinue the ADP previously granted by the Commission in Case No. PU-13-706 for a Power Purchase Agreement from Courtenay Wind Project, LLC, Case No. PU-15-183.

On May 11, 2015, the Commission's Advocacy Staff emailed the Company regarding the application to discontinue the ADP previously granted by the Commission in Case No. PU-13-706 indicating their support for the discontinuation of prudence requested by the Company.

On May 13, 2015, the Commission issued a Notice of Consolidated Hearing for Case Nos. PU-15-175, PU-15-181, and PU-15-183, for July 23, 2015. The Notice identifies the issues as:

1. Whether public convenience and necessity require or will require the construction and operation of the public utility plant or system.
2. Whether NSP is fit, willing and able to provide service.
3. Whether NSP's proposed resource addition is prudent.
4. Whether the Courtenay Wind Power Purchase Agreement resource addition determined to be prudent by the Commission's February 26, 2014 Order Adopting Settlement in Case No. PU-13-706 is no longer prudent.

5. Whether the Commission's February 26, 2014 Order Adopting Settlement in Case No. PU-13-706 should be modified.

On June 9, 2015, NSP filed information regarding ex-parte communications that occurred between Company employees and the Commissioners and staff of the North Dakota Public Service Commission in its June 3, 2015 Periodic Information Exchange. NSP presented updates of the Company's 2015 Resource Plan and updates on the regulatory process in Minnesota related to the review of the Courtenay Project.

On July 10, 2015, the Commission's Advocacy Staff filed the Direct Testimony of Mr. Victor Schock for Case Nos. PU-15-175 and PU-15-181.

On July 23, 2015, the Commission held the consolidated hearing as scheduled in the Commission Hearing Room, 12th Floor, State Capitol, Bismarck, North Dakota 58505.

Having allowed all interested persons an opportunity to be heard and having heard, reviewed and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. NSP is an investor-owned utility headquartered in Minneapolis, Minnesota, authorized to provide public utility service in North Dakota. NSP's Certificate of Incorporation with amendments and Certificate of Authority have been previously filed with the Commission under Case No. PU-09-664.
2. NSP provides electric service to approximately 90,000 retail electric customers in and around Fargo, Grand Forks, and Minot, North Dakota. NSP owns over 250 miles of transmission lines and 14 substations in North Dakota.
3. The Courtenay Project was first identified for acquisition through NSP's February 2013 Request for Proposals (RFP) for additional wind resources.
4. On July 26, 2013, the Company requested an ADP for purchasing the output of the Courtenay Project through a PPA in Case No. PU-13-706. On February 26, 2014, the Commission granted the requested ADP. Because under the PPA arrangement the Company would not own the Courtenay Project, no CPCN was requested by the Company or issued by the Commission.
5. On November 13, 2013, in Case No. PU-13-64, the Commission granted Certificate of Site Compatibility Number 36 for the Courtenay Project to Courtenay Wind Farm, LLC.
6. The original owner and developer of the Courtenay Project, Geronimo Energy, LLC, was not able to secure financing or a third party partner for the Courtenay Project. Furthermore, the Courtenay Project is not viable on the terms negotiated in the PPA.

7. The Company conducted additional due diligence, updated its assumptions and determined that the Courtenay Project Resource addition could remain viable under a different arrangement where the Company acquires, develops, and owns the Courtenay Project.

8. The Courtenay Project, as proposed, is located in Stutsman County, North Dakota, northeast of Jamestown. The Courtenay Project is a 200 MW wind energy generation facility that will cover 24,900 acres of land. Consistent with the Certificate of Site Compatibility, the Courtenay Project will consist of 100 Vestas wind turbine generators and associated infrastructure. The Company proposes that the Courtenay Project be placed in service no later than December 31, 2016 and that to meet that deadline, initial construction must begin by September 2015.

9. In order to facilitate NSP's development of the Courtenay Project, the transaction will include three key contracts. First, the Purchase and Sale Agreement (PSA) between the Company and Courtenay Wind Holdings LLC (a subsidiary of Geronimo Wind Energy) for the purchase of Courtenay Wind Farm LLC, which is the corporate entity that holds the real estate rights, permits (including the Certificate of Site Compatibility), and contracts (such as the Generator Interconnection Agreement) necessary for the development of the Courtenay Project. Second, a turbine supply agreement (TSA) with Vestas. Third, a Balance of Plant (BOP) contract with Wanzek, a North Dakota based contractor, for the construction of the components of the Courtenay Project.

I. Certificate of Public Convenience and Necessity

10. North Dakota Century Code § 49-03-01 provides that an electric public utility must obtain a CPCN prior to beginning construction or operation of a public utility plant or system.

11. North Dakota Century Code § 49-03-02 allows the Commission, after notice and opportunity for hearing, to either (i) issue the certificate, (ii) refuse to issue the certificate, (iii) issue the certificate for only a portion of the proposed facilities, or (iv) issue the certificate subject to such terms and conditions the Commission determines the CPCN requires.

12. The Commission may issue the certificate if it finds that the proposed system addition is appropriate and the applicant is qualified to implement the proposed system addition.

II. Transfer of Site Permit

13. Pursuant to North Dakota Century Code § 49-22-07(1), "[a] certificate or permit may be transferred, subject to approval of the commission, to any person who agrees to comply with its terms, conditions, and modifications."

14. The Company states that it agrees to comply with the terms, conditions, and any modifications to Certificate of Site Compatibility Number 36, issued on November 13, 2013, in Case No. PU-13-64.

15. The current certificate holder, Geronimo Energy, LLC, supports the transfer of Certificate of Site Compatibility Number 36.

III. Advance Determination of Prudence

16. North Dakota Century Code § 49-05-16 provides that a public utility that intends to make a resource addition may file an application with the Commission for an advance determination that the investment is prudent.

17. In Case No. PU-07-776, NSP agreed to file ADP applications for all resource acquisitions larger than 50 MW. In Case No. PU-12-59, NSP agreed to file all ADP applications in a timely manner. In Case No. PU-12-813, NSP affirmed these commitments. Consistent with these commitments, the Company made the instant Application.

18. The Commission may issue an order approving the prudence of an electric resource addition if the public utility files with its application a projection of costs to the date of the anticipated commercial operation of the electric resource addition, and the Commission determines that the resource addition is reasonable and prudent. NSP has provided the required information in its Application and Testimony.

19. Under North Dakota Century Code § 49-05-16(7) there is a rebuttable presumption that a resource addition located in the state is prudent.

20. North Dakota Century Code § 49-05-16(4) instructs that “[t]he commission’s order determining prudence of the resource addition is binding for ratemaking purposes.” Consequently, an ADP proceeding is much like any other rate proceeding before the Commission, and the Commission’s ratemaking standard apply. Pursuant to North Dakota Century Code § 49-06-02, the ratemaking standard is the “honestly and prudently invested” standard.

21. Under North Dakota Century Code § 49-05-16(5), “[f]ollowing an initial commission order, the commission may, upon notice and hearing. . . determine that a resource addition is no longer prudent or that its prior order should be modified.”

A. NSP Position

22. NSP uses the strategist modeling tool for its quantitative modeling efforts. The tool is widely used by both utilities and utility commissions throughout the United States.

23. The Strategist tool is an appropriate tool to model the economic impacts of the Courtenay Project.

24. NSP's modeling efforts indicate that the Courtenay Project will provide a net cost savings on a Present Value of Revenue Requirement (PVRR) basis to customers of \$97 million over the next 20 years. Consistent with North Dakota Century Code § 49-02-23, this analysis does not reflect any environmental externality costs.

25. NSP also conducted Strategist analysis factoring in various sensitivities, including low natural gas prices, a scenario where the system cannot make market purchases to meet increasing demands, and scenarios with high and lower capacity factors than expected.

26. The results of these analyses indicates that even under the worst case scenario, the Courtenay Project would still provide customers with approximately \$20 million in net cost savings on a PVRR basis over the next 20 years.

B. Advocacy Staff Position

27. Advocacy Staff believes NSP ownership of the Courtenay Project represents the least cost option available to NSP to meet its future energy needs. The Company's 2011-2025 Resource Plan identified the need for additional wind resources and the original PPA for the Courtenay Project was approved as a least cost resource. The Company proposal to own the resource is in fact a lower net present value cost than the original PPA.

28. Advocacy Staff believes NSP has met its rebuttable presumption of prudence for resources located in North Dakota and recommends approval of both the Advance Determination of Prudence Application and the requested Certificate of Public Convenience and Necessity.

Conclusions of Law

1. The Commission has jurisdiction over these matters.

2. NSP's ownership of the Courtenay Project will likely result in greater net cost benefits for NSP's customers over the useful life of the Courtenay Project than the costs associated with originally approved PPA. Consequently, the PPA is no longer prudent.

3. Pursuant to North Dakota Century Code § 49-05-16, NSP's ownership of the Courtenay Wind Farm is presumed to be prudent and such presumption has not been rebutted; consequently, the Courtenay Project is reasonable and prudent and in the best interest of customers.

4. The public convenience and necessity will be served by NSP's purchase and operation of the Courtenay Wind Farm.

5. NSP is fit, willing, and able to provide service.

6. NSP agrees to comply with the terms, conditions, and modifications of Certificate of Site Compatibility Number 36.

From the foregoing Findings of Fact and Conclusions of Law, the Commission makes its:

Order

The Commission Orders:

1. The Applicant's request for an Advance Determination of Prudence of the 200 MW Courtenay Wind Farm Project in North Dakota is hereby GRANTED.
2. The Applicant's request for a Certificate of Public Convenience and Necessity to develop, construct, own, operate, and maintain the 200 MW Courtenay Wind Farm Project in North Dakota is hereby GRANTED.
3. Certificate of Public Convenience and Necessity No. ____ is issued to NSP to construct and operate the 200 MW Courtenay Wind Farm Project.
4. The Applicant's request to transfer the Certificate of Site Compatibility Number 36 previously granted by the Commission's November 13, 2013 Order in Case No. PU-13-64 is hereby GRANTED.
5. The Applicant's request to discontinue the Prudence of the Power Purchase Agreement for the Output of the 200 MW Courtenay Wind Farm granted by the Commission's February 26, 2014 Order Adopting Settlement in Case No. PU-13-706 is hereby GRANTED.

PUBLIC SERVICE COMMISSION

Brian P. Kalk
Commissioner

Julie Fedorchak
Chair

Randy Christmann
Commissioner